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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/12/08

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Articles:

1) Poll: Cabinet support at 28 PERCENT

YOMIURI (Page 2) (Full)  
August 12, 2008

The Yomiuri Shimbun conducted a face-to-face nationwide public opinion survey on Aug. 9-10, in which the rate of public support for Prime Minister Fukuda's cabinet was 28.3 PERCENT , up 1.7 percentage points from the last face-to-face survey taken July 12-13. The nonsupport rate for the Fukuda cabinet was 59.7 PERCENT , down 1.6 points. The support rate changed for the better in a telephone-based spot survey taken Aug. 1-2 after Fukuda's shuffle of his cabinet. However, the survey taken this time, a week after the cabinet shuffle, shows that the effect of the cabinet shuffle was transient.

In the survey, those who do not support the Fukuda cabinet were asked to pick up to two reasons. In the breakdown of their reasons, 43 PERCENT answered that they could not appreciate the Fukuda cabinet's political stance, with 42 PERCENT saying they could not expect anything from its economic policy. Respondents were also asked if they thought the Fukuda cabinet was appropriately dealing with the recent rising prices. To this question, "yes" accounted for only 7 PERCENT , with "no" reaching 89 PERCENT .

The Fukuda cabinet's public approval ratings, though the figures cannot be easily compared, shrank from the 41.3 PERCENT approval rating and the 47.0 PERCENT disapproval rating in the telephone

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survey taken right after the cabinet shuffle. The public is apparently dissatisfied with the new Fukuda cabinet's failure to take swift action against the rising prices. On the incident of food poisoning from frozen dumplings made in China, the government did not make public the fact that there were victims in China as well. This is also believed to have affected the Fukuda cabinet's public approval rating.

However, when respondents were asked which political party they would like to vote for in the next election for the House of Representatives, 31 PERCENT chose the ruling Liberal Democratic Party (up 6 points from the last survey), with the leading opposition Democratic Party of Japan (Minshuto) at 25 PERCENT (down 2 points). The LDP outstripped the DPJ for the first time since May. Respondents were further asked about the desirable form of government. To this question, 43 PERCENT chose an LDP-led coalition government, with 35 PERCENT opting for a DPJ-led government. On the sidelines of his cabinet shuffle, Fukuda appointed LDP Secretary General Aso for his appointment of a new lineup of executives for the LDP. This seems to have boosted public expectations.

Cabinet shuffle's effect disappears

In the latest nationwide public opinion survey taken by the Yomiuri Shimbun, the Fukuda cabinet's support rate remained at the level of 20 PERCENT . Masao Matsumoto, a professor of political science at Saitama University and an expert on public opinion surveys, said: "If the cabinet lineup changes, there will be more people positive about the new lineup, and the support rate rises. That's natural. The support rate did not rise so much in the survey. This probably shows that there is now nothing fresh about the new Fukuda cabinet, as one week has passed since the cabinet shuffle."

The Yomiuri Shimbun conducts periodic public opinion surveys on a face-to-face basis. Changes in the cabinet's support ratings need to be read out from the results of surveys based on the same polling methodology. Accordingly, the Fukuda cabinet's support rate in the latest survey is up slightly from the last survey taken in July before the cabinet shuffle. The periodic survey this time was conducted about a week after the cabinet shuffle, so the cabinet shuffle produced little effect.

Meanwhile, the Fukuda cabinet's support rate was over 40 PERCENT in the telephone-based spot survey. That survey was conducted in a

different way and at a different time. In addition, the periodical survey's question is "Do you support the cabinet?" In the spot survey, however, the question was "Do you support the new cabinet?" This also seems to have affected the public's ratings for the Fukuda cabinet.

## 2) U.S. confirms delaying N. Korea delisting

YOMIURI (Page 1) (Abridged)  
August 12, 2008

WASHINGTON-U.S. Department of State Acting Deputy Spokesman Robert Wood, meeting the press on Aug. 11, clarified that it was now possible for the U.S. government to delist North Korea as a state sponsor of terrorism but that the U.S. government is unlikely to do so unless North Korea puts forward a reliable verification regime for its nuclear declaration. In addition, a State Department official also confirmed yesterday to the Yomiuri Shimbun that the

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U.S. government has forgone delisting North Korea. Meanwhile, Japan and North Korea started working-level talks in China's Shenyang on Aug. 11 and discussed such issues as North Korea's abduction of Japanese nationals, one of the reasons the United States has listed North Korea as a state sponsor of terrorism.

## 3) North Korea stops short of indicating its view on reinvestigation into abduction cases

YOMIURI (Page 2) (Excerpts)  
August 12, 2008

Formal working-level talks between Japan and North Korea were held on August 11 at a hotel in Shenyang, China. The Japanese side during the talks called on North Korea to show a concrete approach to the reinvestigation into Japanese abductees, which it pledged during the previous talks in June. In response, North Korea indicated its intention to come up with its opinion at talks slated for the 12th.

Participating in the talks were Akitaka Saiki, director general of the Asian and Oceanian Affairs Bureau of the Foreign Ministry, and Song Il Ho, North Korea's ambassador for normalization talks with Japan.

The Japanese diplomat demanded that the reinvestigation into abductees must be such that would lead to the discovery of survivors and their return to Japan. He also indicated Japan's stand regarding a method of the reinvestigation and the duration of such. The North Korean side noted that it would indicate its stand at talks on the 12th.

The Japanese side also sought the extradition of hijackers of the JAL jet named Yodo-go. It then conveyed its policy of implementing in stages partial easing and lifting of the economic sanctions against that nation, while monitoring North Korea's response, including its effort to conduct the reinvestigation, which it had pledged during the previous talks,.

## 4) Japan proposes concrete measures for reinvestigation of abduction issue

MAINICHI (Page 2) (Full)  
August 12, 2008

Yoso Furumoto, Shenyang

Working-level talks between Japan and North Korea began yesterday at a hotel in Shenyang, China, with an eye on resuming negotiations on normalization of bilateral ties. Regarding a reinvestigation of the issue of Japanese nationals abducted by North Korean agents, which Pyongyang agreed to in June, the Japanese side proposed specific measures such as the method of implementing the reinvestigation and when to start it. However, a conclusion has been put off to today, since the North Korea side said that they would respond after considering those measures.

Foreign Ministry Asian and Oceanian Affairs Bureau Director General Akitaka Saiki told the press after the meeting:

"We had very intense discussion. We confirmed anew the reinvestigation and I conveyed Japan's view in detail about how, who, what and how long the reinvestigation will be carried out to my

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counterpart."

The North Korean side reportedly just said to Saiki: "We would like to tell you our view tomorrow."

Regarding Japan's partial removal of sanctions against the North, Saiki explained: "I conveyed to my counterpart Japan's principle that if North Korea takes a big step, we will take a big step. If a step is small, our step will be small, as well." He indicated that there would be a step-by-step removal of sanctions depending on Pyongyang's response.

Meanwhile, the Japanese side demanded again the handover of hijackers of a JAL plane, but there was no specific progress on the matter.

5) Denuclearization of North Korea now unclear; Delisting of the nation from U.S. list of state sponsors of terrorism put off

ASAHI (Page 2) (Almost full)  
August 12, 2008

The U.S. government on August 11 put the official removal of North Korea from its list of state sponsors of terrorism on the back burner. The U.S. has paid for its having wrapped up the North Korea's nuclear report issue in an ambiguous way. The decision has cast a pall over progress on the denuclearization of North Korea during the Bush administration, whose term ends last January. In the meantime, Japan-North Korea talks to discuss the abduction issue started in Shenyang, China on August 11.

Japan searches for its own cards

"I thought at the stage when that nation had failed to agree to accept specific verification steps that there could not be the delisting of North Korea. This is the natural outcome."

Koumura made this remark, commenting on the U.S. decision to put off the removal of North Korea from its list of state sponsors of terrorism, which U.S. Secretary of State Rice conveyed to him in a telephone conversation

The Japanese government had assumed that seeing through the Bush administration's impatience in its desire to achieve satisfactory results as its term approached the end, North Korea would persist until the deadline. Japan had been determined to protest to the U.S. if it decided to take North Korea from its list even though sufficient verification had yet to be carried out, according to senior Foreign Ministry official.

Japan is relieved for the time being. However, the reason for the postponement is insufficient verification. It is within the range of expectations that the U.S. could still take the nation from its list if it abided by its promise, as Koumura noted. How far Japan could apply pressure on North Korea regarding the abduction issue is unclear, once the U.S. removed it from its list. Japan during the ongoing working-level talks intends to call for the early implementation of the reinvestigation into Japanese abductees and the extradition of those involved in the hijacking of the JAL jet named Yodo-go, using three cards: (1) personnel exchanges; (2) acceptance of chartered flights; and approval of North Korean vessels transporting humanitarian goods making port calls in Japan.

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6) Okinawa minister meets governor

YOMIURI (Page 4) (Full)  
August 12, 2008

State Minister for Okinawa Affairs Hayashi, who visited Okinawa Prefecture for the first time since assuming his portfolio, met with Okinawa Gov. Hirokazu Nakaima yesterday at the Okinawa prefectural government office in Naha. On the issue of relocating the U.S. Marine Corps' Futenma Air Station in Ginowan, Nakaima asked Hayashi to reach a conclusion to Okinawa's proposal of removing the danger of Futenma airfield and moving its replacement facility offshore from Camp Schwab's coastal area in the island prefecture's northern coastal city of Nago. Hayashi answered, "The government wants to work together with Okinawa Prefecture to alleviate the local burden."

7) Ruling parties looking for an alternate to the refueling mission in the Indian Ocean

NIKKEI (Page 2) (Full)  
August 12, 2008

One senior member after another in the ruling camp have begun to suggest that the government should look for an alternative to a plan to continue the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean by extending the new Antiterrorism Special Measures Law at the next extraordinary Diet session. New Komeito President Akihiro Ota said in an interview with the Nikkei yesterday that the ruling and opposition camps should meet to discuss new legislation and other matters. Eyeing also such issues as when the session should be opened and the timing for the next House of Representatives election, the government is now in a quandary over the situation.

In the interview, Ota emphasized: "In order for Japan to continuously implement antiterror measures, it is imperative for the ruling and opposition camps to hold discussion again."

Ota indicated a cautious view about a use of an override vote on a bill extending the said law in the Lower House on the assumption that the bill would be voted down in the House of Councillors in the next session. Ota said: "It is unpredictable what judgment the new U.S. administration would come up with on Iraq and Afghanistan. I wonder if it would be acceptable for the ruling camp to take the same step (of using an override vote) as the one last year," adding: "We cannot tell how long the current two-thirds majority will last."

Liberal Democratic Party Secretary General Taro Aso and Executive Council Chairman Takashi Sasagawa, both of whom assumed office early this month, referred to a plan to task the MSDF with escorting Japanese commercial tankers in the Indian Ocean. Ota commented on Aso's view: "I think he made the proposal as his personal view. Various views should be welcomed."

Even so, views about contribution measures alternative to refueling services have yet to be unified in the New Komeito. Party executives are cautious about the dispatch of Self-Defense Force (SDF) troops overseas. Now that the dissolution of the Lower House for a snap election is coming into view, party executives apparently have a

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desire to delay a conclusion to sometime after the general election.

Ota spoke of the timing for the next general election: "The key point is that we should seek the best timing. The attitude of just waiting for the election won't do." The best timing for the New Komeito is "sometime between late this year and early next year" in order to pour its all energies into the Tokyo gubernatorial election next summer.

If talks are held between the ruling and opposition blocs at the New Komeito's call, the new administration will be launched in the U.S. and a Lower House election might be held in Japan. Some speculate that the New Komeito might be judging this option would be better

than coming under public criticism for a second Lower House vote.

A senior government official said: "Although we have conducted discussion on various alternative options, we have yet to find out proper services other than refueling activities. Abstract arguments are meaningless." If the government aims to continue the MSDF refueling mission, approval from the New Komeito is imperative. The government is likely to face difficult coordination with the New Komeito.

#### 8) Interview with New Komeito President Ota

NIKKEI (Page 2) (Full)  
August 12, 2008

(Lower House dissolution)

It is undesirable for us to just wait for the ideal timing for a House of Representatives election. We should not be so optimistic that the ideal time will ever arrive. The Fukuda cabinet should have a sense of crisis about the current state of people's livelihoods and small businesses.

We still take the view that the election should come sometime in the fall or later. When considering that (all Lower House members') terms of office expire in one year, I think we must prepare for action. The central issue in the election will be how to change Japan into a 21st-century nation.

(New Antiterrorism Special Measures Law)

The global situation is changing due to such factors as the presidential election in the U.S. It is known how long the current (the ruling camp's) two-thirds majority (In the Lower House) will last. In order for Japan to continuously implement antiterror measures, I wonder if it is acceptable to resort to the same tactics as those of last year. The people are seriously suffering from soaring oil prices. I understand some take the view that since oil comes from that region, the government should give top priority to action there. It is necessary for the ruling and opposition camps to hold discussions again (on options besides the ongoing refueling mission in the Indian Ocean), focusing also on the situation one or two years from now.

(Economic policy)

It think it is possible (to attain the goal of putting the primary balance of the central and local governments in the black by FY2011)

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by growing the nation's gross domestic product (GDP) and increasing tax revenues. The labor-distribution rate also should be raised. It is necessary to inject buried money (surplus funds in special accounts) into small businesses under the current situation, though it might be temporary.

(Switch from structural reform)

The direction of fiscal reconstruction is correct, but it will be undesirable if the weak are left to bear the burden when they are suffering from skyrocketing oil and commodity prices. The government must do its best to tackle "encouraging reforms" rather than painful reforms.

(Prospect for political situation)

The government should give priority to consumers and ordinary people over producers in administering the affairs of state. In this sense, the Fukuda cabinet's policy direction is in accordance with this line. (On the possibility of forming a coalition with a political party other than the Liberal Democratic Party), the situation after the election is really unpredictable. Under the current situation, it is impossible to forecast the timing for the election and the post-election situation.

#### 9) Comprehensive economic stimulus package outlined: Government

considering supplementary budget

ASAHI (Page 1) (Full)  
August 12, 2008

The government and the ruling camp yesterday outlined comprehensive measures for the "realization of peace of mind" to address rising crude oil prices and the worsening economy. The package incorporates assistance to small- and medium-size businesses and the promotion of the development of energy-saving technologies. The government also intends to look into compiling a supplementary budget to help finance the package.

The outline consists of three pillars: (1) dissolving instability in people's lives, including measures to deal with irregular employment and the reinforcement of school buildings against earthquakes; (2) strengthening the Japanese economy, including accelerating the development of energy-saving technologies and new energy; and (3) adopting measures to address soaring crude oil prices, including assistance for improving the structure of industries that bear a heavy fuel burden, and financial assistance to small and medium-size businesses. The government will map out specific measures in accordance with those key proposals.

State Minister for Economic and Fiscal Policy Kaoru Yosano told a news conference the same day, "Since we have adopted all these measures, we cannot possibly drop the plan, saying we do not have money." Concerning various measures to be implemented within fiscal 2008, he indicated the government's stance of looking into implementing the package with the compilation of a supplementary budget in mind.

The outline also noted that the comprehensive measures would be implemented in stages, with the progress on reforming the tax code taken into account. Though the government is determined to implement economic stimulus measures to shore up the economy, Yosano indicated

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that it would be necessary to discuss ways to boost revenues, including a hike in the consumption tax, to secure fiscal resources to finance measures to be implemented in and after fiscal 2009. He noted, "We cannot stop discussions of major reform of the tax code."

10) Opposition parties intend to thoroughly pursue farm minister Ota's "noisy" remark; Ruling camp concerned about impact on cabinet support rating

YOMIURI (Page 4) (Full)  
August 12, 2008

Agriculture, Forestry and Fisheries Minister Seiichi Ota's remarks that consumers are too "noisy" about food safety are now creating quite a stir.

Ota, appearing on an NHK TV talk show on Aug. 10, stated: "Japan's (food) is still safe. However since the public as consumers are too noisy, we will take stricter measures for food safety." He explained yesterday about his controversial remarks to reporters at the Prime Minister's Official Residence: "I meant that unlike socialist countries, consumers in democratic countries have the right to speak up."

Prime Minister Yasuo Fukuda last night told the press corps in a strong tone: "They were not appropriate remarks. Japanese consumers have a strict discerning eye about matters in the world. This is a strong driving force for companies to make better products." Fukuda seems to have factored in Ota's remarks.

Minister of State for Consumer Administration Seiko Noda told the press: "Consumer administration is the top priority issue for the cabinet. I would like (cabinet ministers) to make efforts so as not to make remarks that cause public misunderstanding" Chief Cabinet Secretary Nobutaka Machimura told Ota yesterday on the phone: "The Prime Minister is concerned (about the impact of those remarks). Ota reportedly said without resistance: "In understand."

Meanwhile, Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama made a critical comment: "He represents the notion of respecting the bureaucrats and looking down on the citizenry." The DPJ intends to demand closed-hearing sessions during the Diet recesses.

Yoko Komiyama, vice chair of the DPJ's committee on human rights and consumer affairs, indicated that Ota's remarks would affect deliberations on a bill establishing a Consumer Affairs Agency, which the government will submit to the next extraordinary Diet session, saying: "Even if creating a Consumer Affairs Agency under the present cabinet, which has such a minister, the agency would work well." Social Democratic Party head Mizuho Fukushima pointed out:

"Such persons as Liberal Democratic Party (LDP) Secretary General Taro Aso (who sought to constrain the DPJ by comparing the party to Nazi Germany) and farm minister Ota, who are prone to make gaffes have already made slips of the tongue. The cabinet does not understand the feelings of the public."

Ota was criticized for making the remarks in 2003 about a gang rape showing young men's vitality. A senior LDP Upper House member

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expressed concern, saying: "He has given them the means of attacking us. The cabinet support rating that has turned upward after the cabinet was shuffled may go down."

SCHIEFFER